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b. Litvan Miklos STOLZ: Little information of CAKR significance was submitted, except for the data on Litvan Miklos STOLZ, who is at least of historical interest. STOLZ is still being interviewed by Subject, primarily for propaganda exploitation by Subject's employer. Please refer to paragraph b of Attachments D and E each for the details on this individual. KGB action to date regarding STOLZ consisted of base traces (deleted above) - which do not significantly derive from the story given Subject by STOLZ, of a POB check with UPSMIL for possible current UPSMIL interest, and of mail and phone intercept coverage of STOLZ (with negative results). The POB check with UPSMIL revealed that UPSMIL has a mild operational interest in STOLZ. STOLZ attempted to establish contact with UPSMIL as early as 20 November 1956 (shortly after his arrival from Hungary). While actual contact with UPSMIL began in early 1957, these meetings have taken place with an UPSMIL V-dan, but on 12 March 1957 contact lapsed as far as UPSMIL headquarters records are concerned, for reasons as yet unclear. (C) has been reporting to KGB the results of his official interviews, an source which to date give no indication of active current CAKR involvement of STOLZ. Based on this, and after consultation with POB, it has been decided to imply to UPSMIL to resume contact, requesting that all information on STOLZ - particularly information of a current CAKR nature be exchanged. Copy of the memorandum from POB to UPSMIL regarding exchange of information on this case is forwarded as separate cover Attachment V. The all Agency trace request is contained in Reference B. KGB has independently traced STOLZ with ODOPL at the local level; results will be forwarded separately.

c. ODOPL Operations: No new information of significance has been reported. In connection with the KISS Operation (D/A from KOMA-26349), ODOPL established that Joseph KONR has again been accredited at the Hungarian Embassy in Vienna. (See paragraph 5-b Attachment E).

d. ODOPL Relationship: Subject has not severed his relationship with ODOPL during (C) absence, but indicated desire to do so when Whitehart returns and his current ODOPL case officer leaves.

e. Personal: In his father's desired exit from Hungary, Subject had learned in early April that his father had received an exit visa from the Hungarian authorities, but was not quite certain that this was all that was required to allow his father's exit (see Attachment D paragraph 2 for the details). During April, he had not heard anything further. In this connection, Subject reported receipt of a postcard from Zoltan JOVASS in which the latter suggested meeting in the Salzburg area. In spite of Subject's acceptance mailed a couple of weeks later, no reaction from JOVASS had been received by the end of the month. Subject still feels JOVASS approached him originally on KGB orders to assess Subject and report back any indications that Subject may be recruitable - in return for letting

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Subject's father come out. Subject explains the evident lack of follow-up on the part of the AVH with the disorders which followed the October Revolution in Hungary. In line with this reasoning, Subject expects an AVH approach prior to his father's departure from Hungary, now that the AVH is again functioning. Information developed since indicates Subject's father was arrested by the AVH and an AVH approach to Subject is again in good probability. The latest developments will be reported separately.

ATTACHMENT 3:

5. Forwarded under separate cover for information and any action desired as Attachment A through E are contact reports Nos. 25 through 29. The POB Memorandum to UPSWING mentioned in paragraph 4-b is forwarded as separate cover Attachment F.

APPROVED: _____

Attachments: A-F as stated SEPTEMBER COVER

Distribution:

3-EE w/atts A-E in dupl & Att. F
2-COS/1 w/atts A-F
2-COS/1 w/atts A-E w/o att F
2-POB w/o atts

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Att. C to DIAW- 26349

DATE 25 March 1997
CONTACT REPORT # 27

AGENT []
CASE OFFICER []
DATE AND TIME OF CONTRACT 25 March 1997, 0930
IN PLACE SACRAMENTO, as previously
PLACE MEETING HELD []
DURATION MEETING 0930 - 1115
PURPOSE OF MEETING DIALOGUE, for determination of []
events to be passed to []
SECURITY []
ADMINISTRATIVE/ FINANCE []
NEXT MEETING SCHEDULED 9 April 1997, 2030, at same location
COMMUNICATIONS []
OPERATIONAL MATTERS AND COURSE(S) ATTACHED

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25 Mar 57

Contact Report No. 27, C

1. Introduction. This, as the previous meeting, was mostly spent with detailing of Subject on his contacts in the local Hungarian community for their positive exploitation potential. The student group was primarily discussed, but little specific information was actually obtained. Runkant again stated that it would take some time before he could provide [] with more pertinent detail on personalities, because

- a) he had to fit into the desired circle to assess the individuals, and
- b) the group of the Hungarian students was only expected to come to Munich sometime in April 1957, after having passed their required language exams qualifying them for studies at Munich University. Else, Subject reported few incidental bits of information and one item concerning himself.

2. Personal. Subject received a postcard from Zoltan LOVASS (Vienna) during the week 21 March 1957. LOVASS wrote Subject that he just got another job, after leaving his leather shop job. In his new job, LOVASS would have to travel, also in the Salzburg area. LOVASS suggested he meet Subject in Salzburg around Easter time, should this suit Subject. LOVASS concluded he wished Subject's father could be out of Hungary and live in peace. Subject's feelings about this is rather undecided, but he would rather not for the meet. On the other hand, if case officer desired his going, Subject would certainly go to Salzburg. Subject feels there will be nothing gained from such a meeting. He would, however, write to LOVASS, informing himself with prior commitments, unless LOVASS had something of importance to tell. Under any circumstance, he would do nothing until the next case officer/Subject meet, on 9 April.

(Case Officer Comment: After discussion at NOB, Subject will be instructed to proceed according to his suggestion; particularly he should make sure that the door is left open with LOVASS.)

3. Incidents

a. There was nothing new on any of the OCPAL operations.

b. Ottile SCHERENBERG, wife of Suddeutsche Zeitung sports reporter, FRANZ SCHERENBERG, probably identical with ERNST SCHERENBERG, now MULLER mentioned as possible HIS agent in connection with Irene KONZ's divorce proceedings against her first husband in Budapest during 1956 (EOA-50135 and related PDB/HOB internal correspondence). Who was used by the ATE is now under consideration for a TCA job. Agent SCHERENBERG is interested in getting her into the TCA.

(Case Officer Comment: Since both this information and the earlier narration in EOA-50135 of 21 May 1956 stem from Subject (and Irene KONZ), case officer must get more details before this can be reported to VOA. Will do next meet.)

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cc. László BÁRÉK, of the Hungarian staff of VA-16, trying pictures
of VA/Hungarian employees, so far for unexplained reasons. Subject will
try to get copies of these pictures for case officer, and to find out a
little more on the reasons for the snapshots.

d. József SZABÓ, known man smuggler, asked for Subject at the old
ONOPAL/Salzburg address last November. In the meantime, the Czech Consulate
had moved into the premises. SZABÓ told this story to Subject RECENTLY
or VA, one of Subject's friends.

Deputy Director:

b. The general debriefing of Subject which was started by []
at the last meeting was continued with Subject adding the following information:

a. Hungarian Economic Businessmen:

1) Subject stated that one fm ENEREL was a member of the
privatizing business group that was discussed at the previous meeting.
ENEREL is in the textile business and is in contact with WROCI and
SZEKENCSEI of Prolleasing and János HORVÁTH of Munkás. ENEREL is an
Austrian citizen and has a son in the U.S. Air Force who is presumably an
American citizen. ENEREL is said to have lost a good deal of money in the
U.S. as a result of poor business speculation. As a result, he was generally
disappointed with life in the U.S. ENEREL is now making a business comeback
in Prolleasing.

b. Hungarian Writers' Group:

1) Subject said that he did not have any more specific information
on the Hungarian writers mentioned at the last meeting.

2) Subject stated that there is a new Hungarian writers' news-
paper which is published monthly in Munich. The paper is called Haza (Home)
and purports to be a paper of the Hungarian writers' Association. Subject
claims that the paper is actually controlled by Zoltán KUNAI, who is also
editor of the Hungarian and president of the Verband Freie Presse, Subject
knows of the following members of the Haza staff:

- a) László LUKA - chief editor. Was liberated from a
Hungarian prison during the October '56 revolution.
- b) Tibor BÉKÉSI - assistant editor. Writes under the
name Tibor TULLUS. He allegedly spent eight years in a Hungarian prison
prior to being liberated during the revolution.

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a) Lorant BALATONI - writer. Name is probably an alias!

b) Further data:

c) Petofi Farkas - writer. Name is probably an alias!

d) Hungarian Student Group:

_____ asked if Subject had heard anything new regarding the Hungarian students who were to begin their studies in Munich. He replied that he had not heard anything of significance and added that he was still in touch with the two students who were being interviewed by Subject's organization. He felt that through these two, he would hear of any new developments affecting the student group. When asked what his relationship was to the two students, Subject said that he initially had only the official organization contact with the two but he has since added the more impressive of the two to teach Subject's wife Hungarian. Subject offered to bring biographic data on this student to the next meeting.

_____ [Comments: Our relationship with Subject is not such that we might ask him to do things for us. He is somewhat sensitive about not wanting to risk his employment with his organization but at the same time he is most anxious to help KUBALA. In discussing the situation with _____ in order to his return to Headquarters, it was agreed that _____ would not progress beyond the point of accepting biographic data from our student referred to. Upon _____ return the situation will be reviewed to see in what way Subject can contribute to the penetration of the Hungarian student group.]

e) Czech Consulate in Salzburg:

Subject reported that the Czechs have opened their consulate in Salzburg but as yet no Czech consular officials have arrived; there are only two or three support people there who seem to be acting as caretakers. According to Rudolph RICHTER, assistant to Stadtpolizeidirektor RSP, the Salzburg police are beginning to wonder what the delay is.

f) Hungarian Consulate in Salzburg:

Rudolph RICHTER also mentioned to Subject that a delegation from the Hungarian Embassy in Vienna had been to Salzburg looking for a building to house the new consulate which the Hungarians are apparently going to open there. Subject had no further information on this topic.

g) _____ [Comments:

Rudolph RICHTER. _____ asked Subject a little about his relationship with _____ It turns out that OPOLAI, Salzburg had no official liaison

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MAKRA, Zoltan

FECS Special Report M-2-57 1 Feb. - OFPA-30087 9 May 57: Chairman at press conference in Munich 24 Jan 57 arranged by Free Press Association, at which editorial board of Nemzeti (unreformed) introduced. (See card for Tibor TOLLAS) Unsavory.

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Ref. D to DSN- 26349

CONTACT REPORT

AGENT

DATE 1 April 1957

CONTACT REPORT # 28

CASE OF OFFICER []

DATE AND TIME OF CONTACT 1 April 1957 at 2000 hours

BY PLACE Near 5th Avenue, where parties usually take place on foot

PLACE MEETING HELD In operational car

DURATION MEETING 2000 to 2135

PURPOSE OF MEETING Special meeting called by [] to same information

as detailed below

[]
EV was arrested in the street block where parties is located from SECURITY branch, 4th and 6th Avenue, called to operational car parked in a side street. Case officer drove to 5th Avenue, 4th Avenue, 5th Street, parked car and held audience in car. Person from 6th Street name is not known. Confidentiality is observed at every time.

ADMINISTRATIVE/POLICE M.S.

NEXT MEETING SCHEDULED Tentatively on 10 April 1957, at 2030 in telephone
[]
TIME 2000 on 9 April 1957, to discuss []
COMMUNICATIONS []

OPERATIONAL MATTERS AND COORDINATES ATTACHED

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Contact Report No. 28, [] 3 Apr 57

1. Introduction: [] opened the meeting with profuse excuses having called it, but said he had some quite interesting data which he felt, in his judgment, should reach case officer's organization at once. He said he had some very excellent personal news, several incidentals, and one very interesting person to report about, the latter being the chief reason for his calling the special meet. After case officer assured [] that he need not excuse himself for calling a special meet together, that he should call one whenever he felt it necessary, [] came to the points he wanted to report. The entire meeting took place in case officer's operational vehicle, which was parked at the side of a fairly well-lighted main thoroughfare. At the end of the meet, case officer drove by the two downtown meeting places picked out for emergency sites, in case [] called an urgent meeting after a possible AVH approach, which he felt might come in connection with his father's forthcoming exit from Hungary during the next couple of weeks.

2. Status of [] Father's Exit from Hungary: [] reported that his wife had been called in the morning of 3 April 1957 by her sister in Austria; she in turn was called earlier that day by the Austrian Ambassador in Budapest, WALTER PEINSIPP, who informed her that the father of [] had just received his Hungarian passport with Hungarian Exit-Visa, that [] father would go to the country for a few weeks, for unspecified reasons, and then would travel to Austria for permanent residence there, as he has an Austrian immigrant visa. [] was understandably excited about this news. He was not quite certain what to make of the "few weeks" in the country, but without further information felt that his father could have natural reasons for wanting to spend a few more days in his country-side. On the other hand, [] reasoned that now was the time to expect an AVH approach to him, if ever there should be one made. His father just received the Hungarian exit-visa; the AVH is without a doubt completely aware of [] AIS background and involvement (except his current one with case officer's organization); it would make all the sense in the world for the AVH to extort his cooperation for the prospect of getting his father out, to the West. [] did not overlook that there may be two other, more innocuous explanations for his father's or PEINSIPP's success in obtaining the exit visa: a) there may just be some officials in opposition to the KADAR regime left in positions in the Budapest Interior Ministry, with whom PEINSIPP succeeded in pleading for the old gentleman to obtain his exit visa; or b) the Hungarian authorities regard the old gentleman as merely a burden on the Hungarian economy and therefore were glad to thus get rid of him. [] was, however, quite insistent that should an approach be made by the AVH, he ought to get in touch with case officer just as soon as possible in order not to undertake any step contrary to our desire, or without our knowledge. A system of meetings in town was then devised for any possibility, time and places set; and meeting places inspected visually, so that [] needs only to call case officer and indicate that he wants a meeting very quickly. Also, his reaction to any

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possible pitch by the AVH was again gone over (see paragraph 6, ECPA-24833, and paragraph 3 to Attachment 0 of ECPA-24833, 17 Jan 57). Case officer strongly suggested to [] that he ought to be able to stall any pitch at least until the next day with the reaction he had just rehearsed again with the case officer, and [] conceded this much. [] now hopefully expects his father to come out of Hungary to Austria in some 3-4 weeks.

3. Incidentals:

a. [] submitted 12 brief biographic sketches with 11 pictures of the VOA Hungarian staff, as he indicated he would at the last meeting (para 3.c., Contact Report #27). [] has no idea at this time why Istvan BARTA took the snaps of all the staff, but regards it quite possible that he did it for amateur photographer reasons and nothing else. [] said he would try to get the missing picture of the photographer, BARTA. [] considers BARTA a nice boy, who has, however, a split personality. [] explained BARTA hates the Soviets because of his experiences as a war POW from 1945-48, but is, of course, a Hungarian and likes life in Budapest; therefore, if and when the situation changes, he would return to Budapest. BARTA is currently a close friend of Zoltan MAKRA of the Hungaria newspaper.

b. Erzabet MATIAS, Zoltan MAKRA's girl friend who practically lives with MAKRA, and who worked for the AmCom in Munich Visa Section, is employed with VOA as Laszlo BOROS' secretary as of 3 April 1957. [] remarked that VOA employed Erzabet MATIAS in spite of some vague CIOPAL allegations against her.

c. Gitta SCHÖNHUBER (see para 3.b., Contact Report # 27) has not yet been hired by VOA. In connection with Gitta's husband, Trans SCHÖNHUBER, [] recently learned that SCHÖNHUBER and one Frau RICHTER were reported to have offered Istvan SZEDELYI, head of CARPATHIA Film Co. in Munich, undisclosed sum of money if he were to drop the anti-Communist tendencies of a documentary newsreel on the Hungarian Revolution smuggled out of Hungary and soon to be shown in local movie houses ("Ungarn in Flammen" - "Hungary in Flames").

d. One Dr. Gabor SZARKA recently came to [] attention through VOA Hungarian Program Editor, Edmund DEMAITRE (American citizen). The following details are known to [] DEMAITRE knows SZARKA from WW II days, when both had been active for the British IS in Sweden; after WW II SZARKA returned to Hungary, came out to the West as an official of the West Orient Trading Co., a Hungarian Government fund raising business tolerated in the West, but also partly sponsored by the AVH. SZARKA was tried and imprisoned for life in Hungary in the late 1940's; was liberated during revolution last fall and is now in Geneva to testify before the U.N. Commission on Hungary. He now lives in Munich and may be working for the BIA.

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with RICHTER but depended upon Subject to act as an unofficial contact. Apparently OOPAL gave Subject pretty much of a free hand (or never bothered to ask him for details) with regard to KUCINSKI. In any event, Subject would give RICHTER information which OOPAL had uncovered on Austrian EPO's [redacted] in return RICHTER would provide background data from the Salzburg police files on persons of interest to OOPAL. Although Polizeidirektion HOPP undoubtedly knew that this was going on he may not have known that a close personal relationship developed between Subject and KUCINSKI. The latter often spent weekends in St. Wolfgang at the home of Subject's wife's family and Subject was, in return, invited to RICHTER's home in Salzburg. Subject hinted very broadly to RICHTER that he could easily maintain unofficial liaison with RICHTER even today if so desired. [redacted] remained non-committal and the subject was dropped at that point.

b. The foregoing information was passed to [redacted] of [redacted] during a forthcoming [redacted] and will be brought to TOS's attention by [redacted] [redacted] trip to Vienna.

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